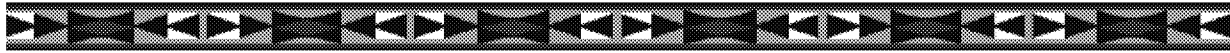




Tribal Delegation Meeting

Hopi Tribe

June 2014



ISSUE:

The Hopi Arsenic Mitigation Project (HAMP) is a regional drinking water project conceived with the goal of providing a long-term sustainable solution to arsenic compliance issues in the First and Second Mesa region of the Hopi Reservation. The primary issues surrounding this project are arsenic health effects, village compliance plans with EPA, acquisition of construction funding, creation and funding of the new Hopi Public Utility Authority (HPUA), and determination of future water utility rates.

Background:

Revised in January 2001, EPA reduced the maximum contaminant level (MCL) for arsenic in drinking water from 50 ppb to 10 ppb. Effective January 2006, all public water systems were required to meet this revised standard. Since 2006 all public water systems in the First and Second Mesa areas of the Hopi Reservation have been out of compliance with regard to arsenic.

Current Situation:

The HAMP is a cooperative project of the Hopi Tribe, the Hopi Villages of First and Second Mesa, the EPA, and the IHS. As envisioned, the HAMP will provide a high quality arsenic compliant water source to First and Second Mesa, and is the mechanism identified by the EPA compliance plans with the affected Villages to bring those Villages' water systems into Safe Drinking Water Act compliance.

Current HAMP highlights include:

- Finalization of the draft final Preliminary Engineering Report (PER), Hopi Water System Strategic Plan (HWSSP), and the HAMP Environmental Assessment (EA) are all expected by the end of June 2014.
- Distribution of the PER, HWSSP, and the EA to the Tribe and Villages will occur in July and August 2014, with a public meeting planned to be held at Hopi the first week of August 2014.
- Total estimated unfunded cost of the HAMP is \$14.4 million.
- Funding for the HAMP is expected from the Hopi Tribe, the USDA, EPA, the IHS, and HUD.
- The Tribe will be responsible to compile the funding application to USDA for a Rural Utilities Service loan/grant.
- Required components of the USDA application will be the PER, HWSSP, EA, and current tribal audits.
- The tribe recently completed its 2010 audit and is working on completing its 2011 audit.
- The compliance deadline per the EPA compliance plans with the Villages is January 23, 2015.
- The Tribe has received approximately \$6.3 million to date in EPA and IHS funding (including 2014 expected EPA DWTSA contributions)
- Construction of portions of the HAMP may begin as early as 2016 with pending EPA monetary contributions.
- Full construction of the HAMP will not occur until fully funded and is not expected to be complete until 2018 or later, depending upon funding availability.
- Two water wells have been drilled, which will supply water to the affected Villages, and are located about 15 miles north of First and Second Mesa, and are known as Turquoise Trail Well #2 and #3.
- Water quality and quantity at Turquoise Trail Well #2 has proven to be excellent and water quality results from Well #3 are expected in July 2014.
- Electric grid power is required at the well sites, and the Tribe has formally requested a quote from APS to extend power out to the well sites.
- The cost to extend power to the well sites is yet undetermined, and may be very costly and complex, both from an engineering and political standpoint.
- Chairman Honanie has taken the lead role in working with APS to obtain the power line extension quote.

- The Tribe has been highly encouraged to formalize service agreements between itself and the participating Villages, and also between the newly created HPUA and the Villages.
- Draft service agreements have been created by the Tribe's legal counsel and presented to the Council for consideration.
- A draft resolution has also been created for the Council's consideration, to contribute \$2.25 million in tribal funds towards the HAMP and for HPUA start-up.
- The Tribe has been encouraged to select an HPUA director, who would help champion the project and would be the HAMP spokesman for the Tribe.
- The BIA operates three water systems in the vicinity of the HAMP and has expressed a desire to participate in the HAMP.
- The BIA has forwarded to the IHS Area Director an interagency agreement to enter into a planning agreement to study the possibility of BIA inclusion in the HAMP.
- BIA has indicated that they are willing to contribute \$150,000 to the IHS to cover the cost of the planning effort.
- The draft interagency agreement is with IHS SFC and IHS legal counsel for review.
- Regularly monthly HAMP update calls are hosted by the EPA and are open to the public. The HAMP update call is normally held each first Thursday of the month at 9:30 AM local time.

Action Plan:

IHS is committed to assisting the Hopi Tribe address their arsenic compliance issues by continuing to provide engineering and technical support. The current unfunded total project cost of \$14.4 million exceeds the IHS Division of Sanitation Facilities Construction funding capabilities. With the exception of the large capital cost, the HAMP ranks high on the IHS Sanitation Deficiency System (SDS).

The following are some of the remaining requirements of the HAMP:

1. Finalization of the PER, HWSSP, and the EA.
2. Finalization of the Tribe, Village, and HPUA service agreements.
3. Completion of tribal audits.
4. Power line cost estimating and funding, coordinated by the Tribe.
5. Evaluate the option of including the BIA operated water systems into the HAMP.
6. Acquire full project funding.
7. Completion of the engineering design and plans and specifications.
8. Creation and staffing of the HPUA.
9. Construction of the project and transfer of the facilities to the HPUA.

The Hopi Tribe and the IHS are actively working together to complete the remaining items listed above and implement the HAMP as soon as possible.

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